

**TM Sutton Limited**

**Directors' report and financial  
statements**

**Registered number 283556**

**30 March 2002**



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members of TM Sutton Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their annual report and the audited financial statements of the company for the year 30 March 2002.

### Principal activities

The principal activities of the company are that of retail jewellers, pawnbrokers and silversmiths.

### Results and proposed dividend

The audited financial statements for the year ended 30 March 2002 are set out on pages 5 to 13. The company's profit for the period after taxation was £ 280,000 (2001 : £156,000).

The directors do not recommend the payment of an ordinary dividend.

### Introduction of the euro

Apart from positioning the company to handle the introduction of the euro at the appropriate time, the Directors will ensure that business impacts and opportunities are also addressed.

### Holding company

The company is a wholly-owned subsidiary of Nathan & Co. (Birmingham) Limited.

### Directors and directors' interests

The directors who held office during the year were as follows:

JM Pilkington  
AS Brown  
PE Rivers

The directors who held office at the end of the financial period had the following interests in the shares of The MW Group Limited, the ultimate parent company, according to the register of directors' interests:

	Class of share	Interest at end of year Number
AS Brown	Ordinary	109,090

The interests of JM Pilkington and PE Rivers who were directors of The MW Group Limited as at 30 March 2002 in the shares of group undertakings are disclosed in the group accounts.

## Director's report *(continued)*

### Creditor payment policy

The company's policy on payment of its trade creditors is as follows:

- the terms of payment are agreed at the start of business with individual suppliers to ensure that they are aware of the terms of payment; and
- payments are made on the basis of the agreed terms, contractual and other legal obligations.

The average days creditors outstanding at the period end was 21 days *(2001:26 days)*.

### Disabled persons

It is the policy of the company to support the employment of disabled persons wherever practicable and to ensure that, as far as possible, they share in the training, career development and promotion opportunities available to all employees.

### Staff information and consultation

Staff are kept fully informed of matters of interest through a staff magazine, notice boards and staff handbook. A *two-way process of informing and consulting staff operates through the line management structure.*

### Auditors

Our auditors KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG LLP as auditors of the company.

By order of the board



PE Rivers  
*Director*

170 Regent Street  
London  
W1B 5BQ

31 May 2002

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

kpmg

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## **Independent auditors' report to the members of TM Sutton Limited**

We have audited the financial statements on pages 5 to 13.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board in the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

31 May 2002

## Profit and loss account

*for the year ended 30 March 2002*

	<i>Notes</i>	2002 £000	2001 £000
<b>Turnover</b>		<b>4,996</b>	<b>3,317</b>
Cost of sales		<b>(3,312)</b>	<b>(1,715)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,684</b>	<b>1,602</b>
Administrative expenses		<b>(1,404)</b>	<b>(1,446)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>280</b>	<b>156</b>
Tax on profit on ordinary activities	<b>5</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>280</b>	<b>156</b>
Dividend paid	<b>6</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Retained profit for the period</b>		<b>280</b>	<b>156</b>
		<hr/> <hr/>	<hr/> <hr/>

All the company's operations are classed as continuing.

A reconciliation of movement in shareholders' funds appears as note 13 to the accounts.

The company had no recognised gains or losses in either period other than the profit for the period.

There is no difference between the total reported result for the periods and that on a historical cost basis.

## Balance sheet

at 30 March 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Tangible assets	7	84	97
<b>Current assets</b>			
Stocks	8	1,115	1,366
Debtors	9	3,967	4,213
Cash at bank and in hand		58	112
		<u>5,140</u>	<u>5,691</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,685)</u>	<u>(3,529)</u>
<b>Net current assets</b>		<u>2,455</u>	<u>2,162</u>
<b>Net assets</b>		<u><u>2,539</u></u>	<u><u>2,259</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	70	70
Profit and loss account	12	2,469	2,189
<b>Total capital and reserves</b>	13	<u><u>2,539</u></u>	<u><u>2,259</u></u>

These financial statements were approved by the board of directors on 31 May 2002 and were signed on its behalf by:

  
**JM Pilkington**  
Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 17 'Retirement benefits', FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements. There is no material impact to the company in adopting these new standards.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards in compliance with the Companies Act 1985 and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by The MW Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The MW Group Limited are available to the public.

The company has adopted a normal retail reporting basis to the Saturday nearest 31 March each year.

#### *Turnover*

Turnover represents sales (exclusive of VAT) including pawnbroking interest, to third parties within the United Kingdom.

#### *Fixed assets and depreciation*

Tangible fixed assets are stated at cost and are depreciated at the following annual rates, in order to write off the cost of the assets over their estimated useful lives.

Fixtures and fitting	-	8-25% per annum
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#### *Leases*

Rentals payable under operating leases are written off to the profit and loss account on a straight line basis over the lease term.

#### *Deferred taxation*

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost.

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### 2 Profit on ordinary activities before taxation

	2002 £000	2001 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation	22	24
Operating leases - land and buildings	191	184
- equipment	2	2
	<u>215</u>	<u>210</u>

Certain general and administrative costs of the company, including audit fees, are borne by other group undertakings for which a charge has been made to the company.

## Notes (continued)

### 3 Remuneration of directors

	2002 £000	2001 £000
Directors' emoluments for qualifying services: As directors	67	67
	<u>67</u>	<u>67</u>
Company contributions to personal pension scheme	3	3
	<u>3</u>	<u>3</u>

The emoluments, excluding pension contributions, of the highest paid director were £67,000 (2001: £67,000).

The director was a member of a defined contribution personal pension scheme.

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2002	2001
Retail operations	13	15
	<u>13</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows:

	2002 £000	2001 £000
Wages and salaries	374	363
Social security costs	36	35
Other pension costs	13	13
	<u>423</u>	<u>411</u>

## Notes (continued)

### 5 Tax on profit on ordinary activities

	2002 £000	2001 £000
UK corporation tax at 30% (2001: 30%) on the profit for the year on ordinary activities	-	-
	<u>          </u>	<u>          </u>

Taxable profits in 2002 and 2001 are covered by group relief from a fellow subsidiary undertaking for which no payments are due from the company.

The potential amount of unprovided deferred taxation for accelerated capital allowances at the rate of 30% (2001: 30%) is £10,000 (2001: £4,000).

### 6 Dividends

The directors do not recommend the payment of a dividend (2001: £nil).

### 7 Tangible fixed assets

	Fixtures and fittings £000
<b>Cost</b>	
At 31 March 2001	223
Additions	9
	<u>          </u>
At 30 March 2002	232
	<u>          </u>
<b>Depreciation</b>	
At 31 March 2001	126
Provision for the year	22
	<u>          </u>
At 30 March 2002	148
	<u>          </u>
<b>Net book value</b>	
At 30 March 2002	84
	<u>          </u>
At 31 March 2001	97
	<u>          </u>

## Notes (continued)

### 8 Stocks

	2002 £000	2001 £000
Finished goods and goods for resale	1,115	1,366
	<u>1,115</u>	<u>1,366</u>

### 9 Debtors: amounts falling due within one year

	2002 £000	2001 £000
Trade debtors	3,867	4,111
Other Debtors	50	-
Prepayments and accrued income	50	102
	<u>3,967</u>	<u>4,213</u>

### 10 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	211	147
Amounts owed to group undertakings	2,457	3,321
Taxation and social security	-	1
Other creditors	2	6
Accruals and deferred income	15	54
	<u>2,685</u>	<u>3,529</u>

Amounts owed to group undertakings are interest free and have no fixed date for repayment.

## Notes (continued)

### 11 Called up share capital

	2002 £000	2001 £000
<i>Authorised</i>		
70,100 ordinary shares of £1 each	70	70
	<u>70</u>	<u>70</u>
<i>Allotted, called up and fully paid</i>		
70,003 ordinary shares of £1 each	70	70
	<u>70</u>	<u>70</u>

### 12 Reserves

	2002 £000	2001 £000
At beginning of period	2,189	2,033
Profit for the period	280	156
	<u>2,469</u>	<u>2,189</u>
At end of period	<u>2,469</u>	<u>2,189</u>

### 13 Reconciliation of movement in shareholders' funds

	2002 £000	2001 £000
Profit for the period	280	156
Opening shareholders' funds	2,259	2,103
	<u>2,539</u>	<u>2,259</u>
Closing shareholders' funds	<u>2,539</u>	<u>2,259</u>

## Notes (continued)

### 14 Commitments

#### *Operating leases*

At 30 March 2002 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2001 £'000	2000 £'000
<b><i>Land and buildings</i></b>		
Expiring:		
Over five years	247	190
	<hr/>	<hr/>
	247	190
<b><i>Plant and Machinery</i></b>		
Expiring:		
Within one year	2	-
	<hr/>	<hr/>
	249	190
	<hr/> <hr/>	<hr/> <hr/>

#### *Guarantees*

The company has guaranteed, and the assets of the company provide security for, certain group borrowings.

### 15 Pension scheme

Certain employees are eligible to participate in pension scheme arrangements under The MW Group Personal Pension Plan. The pension cost for the company for the period ending 30 March 2002 was £ 13,000 (2001:£13,000).

### 16 Post Balance Sheet Events

On 7 April, the company acquired the trading assets of Robertsons pawnbrokers, trading in central London. The purchase consideration of £1,600,000 is payable over three years with £800,000 paid on completion of the acquisition. £250,000 is payable on each of the first and second anniversaries, with a final payment of £300,000 payable on the third anniversary of the acquisition.

### 17 Ultimate parent company

The company is a wholly-owned subsidiary of Nathan & Co. (Birmingham) Limited. The ultimate holding company is The MW Group Limited.

The smallest and largest groups in which the results of the company are consolidated is that headed by The MW Group Limited. The consolidated accounts of the group are available to the public from Companies House.